GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3985
ANSWERED ON:09.12.2016
Kisan Credit Cards
Chautala Shri Dushyant

Will the Minister of FINANCE be pleased to state:

(a) whether the credit limit provided by the Government through Kisan Credit Card is inadequate keeping in view of agricultural input;
(b) if so, whether the Government has any proposal to increase the limit of loan with lower interest rate and extending the repayment period; and
(c) if so, the details thereof and the action taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): As per the revised Kisan Credit Card (KCC) Scheme, the short term credit limit is fixed for the first year taking into account the scale of finance for the crop (as decided by District Level Technical Committee) x Extent of area cultivated + 10% of limit towards post-harvest/household/consumption requirements + 20% of limit towards repairs and maintenance expenses of farm assets + crop insurance, Personal Accident Insurance Scheme (PAIS) and asset insurance. The first year limit for crop cultivation purpose arrived at as above is enhanced @10% towards cost escalation/increase in scale of finance, for every successive year (2nd, 3rd, 4th, and 5th year).

As regards term loan for investment credit requirement of farmer, if any, such as land development, minor irrigation, purchase of farm equipments and allied agricultural activities, the banks may fix the quantum of credit based on the proposed investments during the five year period and the bank's perception on the repaying capacity of the farmer.

Further, with a view to ensuring availability of short term agriculture credit at a reduced interest rate of 7% p.a. to farmers. Government of India implements an Interest Subvention Scheme for short term crop loans up to Rs.3.00 lakh. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers.
There is no proposal under consideration of the Government to revise the extant KCC Scheme.